

**REMARKS**

Claims 1-42 are currently pending, in which no claim is currently canceled, amended, or newly added.

Applicant submits that the November 13, 2006 Final Office Action is fatally flawed. For example, there is no rejection imposed in that Office Action. The Examiner merely provided a "Response to Amendment" addressing the arguments Applicant submitted in the responsive Amendment of June 13, 2006. Applicant assumes that the Examiner intended to adhere to the rejection under 35 U.S.C. § 103 imposed in the Office Action dated March 13, 2006.<sup>1</sup> For reasons set forth hereinafter, the Examiner's response to Applicant's arguments are factually and legally erroneous.

**Claims 1 through 42 were rejected under 35 U.S.C. § 103 for obviousness predicated upon Kitchen et al. in view of Pay and Save.**

In the statement of the rejection the Examiner admitted that Kitchen et al. do not disclose the concept of calculating a discount amount based on the invoice amount for a pre-defined time from the date of the invoice. The Examiner, however, concluded that one having ordinary skill in the art would have been motivated "... to combine the calculation of a discount amount based on the invoice amount of Pay and Save with the online billing system as associated by Kitchen which displays account information and receives payment input" (Sixth enumerated paragraph on page 4 of the March 13, 2006 Office Action). This rejection is traversed.

There are significant differences between the claimed inventions and the applied prior art such that even if the applied references are combined as proposed by the Examiner, and

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<sup>1</sup> Applicant also assumes that the Examiner has withdrawn the previously imposed objection to the Specification, as no mention of such objection was made in the November 13, 2006 Final Office Action.

Applicant does not agree that the requisite fact-based motivation has been established, the claimed invention would not result. *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 5 USPQ2d 1434 (Fed. Cir. 1988). Further, the Examiner failed to establish the requisite fact-based motivation to support the obviousness conclusion. Moreover, the Examiner's disposition of Applicant's arguments amount to an attempt to deny Applicant procedural due process of law, and the positions taken by the Examiner are legally erroneous. Applicant would stress there is a significant indicium of nonobviousness of record which the Examiner did not consider. Further, the Examiner's disinclination to separately address the patentability of argued dependent claims is erroneous.

#### **Differences Between the Claimed Invention and Pay and Save.**

To simplify the issues, Applicant will refer to exemplary claim 1 which is directed to a method for providing an on-line billing system. The claimed method comprises a sequence of manipulative steps, including:

**Calculating a discount amount based upon the invoice amount; and  
Selectively receiving a payment input that authorizes a payment according to  
the calculated discount amount in advance of the invoice date.**

That method is neither disclosed nor suggested by the primary reference to Kitchen et al., or the secondary reference to Pay and Save, taken singly or in combination. Simply put, it is not apparent and the Examiner failed to discharge the initial burden of specifically identifying wherein Pay and Save discloses or suggests the concepts of calculating a discount amount based on the invoice amount and selectively receiving a payment input that authorizes a payment according to the calculated amount **in advance of the invoice date**. Indeed, the reference to Pay and Save is addressed to a completely different problem than that addressed and solved by the present invention.

As set forth in paragraph [05] of the written description of the specification, the problem addressed by the present invention is the reluctance of many customers to conduct any e-business transactions on-line and their unwillingness to pay invoices electronically. The present invention addresses and solves that problem by providing an incentive for customers to receive an **early payment discount** on invoice current charges for paying their invoice electronically through an e-billing service within a designated number of days from receipt of their invoice. Not the date of the invoice, but from the receipt of their invoice. Not after the invoice date, but before the invoice date.

On the other hand, Pay and Save is concerned with the adverse financial impact on small businesses from late payment. Pay and Save disclose the notion of **pre-establishing** a shortened contractual borrowing term at a **pre-negotiated** discount **before** a contractual relationship is generated. There is **no calculation** of a discount amount based upon an invoice amount. Rather, a negotiated discount amount is established **before**, repeat **before**, an invoice is generated.

Moreover, according to Pay and Save, the discount must be paid within a certain period of time **after the invoice date**. However, in accordance with the present invention, the invoice can be selectively paid **in advance** of the invoice date based upon a **calculated discount**.

After pointing out the above differences, Applicant argued that even if the applied references are combined as proposed by the Examiner, the claimed invention would not result. *Uniroyal, Inc. v. Rudkin-Wiley Corp., supra*. The Examiner's disposition of the above arguments can best be characterized as a high level generalization betraying a conspicuous disinclination to address specific factual distinctions and specific issues.

**The Examiner's Position.**

Throughout the November 13, 2006 Final Office Action, the Examiner pointed to the various arguments made by Applicant and then responded with two positions. First, it was repeatedly stated that the Examiner is entitled to give the claim limitations their broadest reasonable interpretation in light of the specification. Precisely how the claims were interpreted remains a mystery. The Examiner then requested Applicant to point out which claim limitations in the claims are considered to be the **inventive concept** because the Examiner could not determine the inventive concept from the claim limitations as written, as though Applicant had that burden. The Examiner also stated that the "combination of Kitchen and Pay and Save disclose a system receiving payment according to a calculated discount and if payment is received in advance of the invoice date" referring to column 8 of Kitchen, line 63 to column 9, line 8, column 12, lines 16 through 48 and to Pay and Save, lines 4 through 7, thereby presuming that the "combination" actually existed.

**Denial of Procedural Due Process of Law.**

It is fundamental that the Examiner bears the initial burden of establishing a *prima facie* basis to deny patentability to a claimed invention under any statutory provision. *In re Glaug*, 283 F.3d 1335, 62 USPQ2d 1151 (Fed. Cir. 2002); *In re Mayne*, 104 F.3d 1339, 41 USPQ2d 1451 (Fed. Cir. 1997); *In re Deuel*, 51 F.3d 1552, 34 USPQ2d 1210 (Fed. Cir. 1995); *In re Oetiker*, 977 F.2d 1443, 24 USPQ2d 1443 (Fed. Cir. 1992). In rejecting a claim under 35 U.S.C. § 103, the Examiner is required to specifically identify wherein each and every limitation of the claimed invention is found in the applied prior art, as well as a factual basis for the asserted motivation. *Smiths Industries Medical System v. Vital Signs Inc.*, 183 F.3d 1347, 51 USPQ2d 1415 (Fed. Cir. 1999). That burden has not been discharged.

Applicant would stress that there is no such thing as the “combination of Kitchen and Pay and Save.” These are two separate references that the Examiner is attempting to combine. Since neither one of these references discloses the selective payment in advance of the invoice date, it is not apparent how the “combination” somehow generates that missing element. Faced with that uncomfortable fact, the Examiner would now create a new standard of patentability, inconsistent with the very statute (35 U.S.C. § 103), and impose a burden on Applicant to identify “the inventive concept” because the Examiner cannot determine such.

As the Examiner has not established a *prima facie* basis to deny patentability to the claimed invention, it is improper for the Examiner to attempt to impose any burden on Applicant for anything. Rather, any such attempt would violate Applicant’s right to procedural due process of law. *In re Mullin*, 481 F.2d 1333, 179 USPQ 97 (CCPA 1973).

#### **The Examiner’s Legally Erroneous Standard.**

There is nothing in 35 U.S.C. § 103 that speaks about “the inventive concept”. That is the Examiner’s erroneous standard. Rather, 35 U.S.C. § 103 speaks in terms of “the subject matter as a whole”. That concept is conspicuously lacking from the Examiner’s rationale. The Examiner’s attempt to misdirect attention on “the inventive concept” constitutes clear legal error. *Lockheed Aircraft Corp. v. U.S.*, 193 USPQ 449; *Litton Industrial Products v. Solid State*, 225 USPQ 34; *In re Kaslow*, 707 F.2d 1366, 217 USPQ 1089 (Fed. Cir. 1983); *In re Buehler*, 515 F.2d 1134, 185 USPQ 781 (CCPA 1975); *Graham v. John Deere Co.*, 86 S. Ct. 684, 383 U.S. 1, 148 USPQ 459 (1966).

**The Examiner's Combination of Kitchen and Pay and Save.**

In support of the erroneous determination that the **combination** of applied references discloses a system that receives a payment according to a calculated discount and that the payment is received in advance of the invoice date, the Examiner refers to portions of Kitchen et al. However, the Examiner admitted that Kitchen et al. do not even disclose calculating a discount amount at all. The Examiner also referred to lines 4 through 7 of Pay and Save. Not wishing to quibble over where those lines are in Pay and Save, Applicant submits that nowhere do Pay and Save disclose the notion of selectively receiving a payment in advance of the invoice date according to a calculated discount amount. Ergo, the Examiner's "combination" of references does not yield the claimed invention. *Uniroyal, Inc. v. Rudkin-Wiley Corp., supra.*

**The Examiner's Broadest Reasonable Interpretation.**

The Examiner repeatedly stated that the broadest reasonable interpretation of the claims in light of the specification indicates that the claims are taught and that no inventive concept is found. What interpretation? The Examiner merely announced the bald conclusion that the broadly construed claims read on the applied prior art, but failed to make any recognizable attempt at claim interpretation or to identify wherein either of the applied references, notably Pay and Save, discloses or suggests the notion of selectively receiving a discounted payment in advance of the invoice date, let alone calculating a discount amount vis-à-vis pre-negotiating a discount within a certain period of time after the invoice date. How the present claims, when reasonably interpreted in the context of the present invention, can somehow be equated to the methodology of either of the applied references, considered singly or in combination, has not been explained on this record with commendable clarity. *Phillips v. AWH Corp., 415 F.3d 1303, 75 USPQ2d 1321 (Fed. Cir. 2005) (en banc).*

**There is no Motivation.**

Applicant stresses the basic motivational principle enunciated by the Court of Appeals for the Federal Circuit in *Ecolocem Inc. v. Southern California Edison, Co.*, *supra*, at 1076:

“... there must still be evidence that ‘a skilled artisan, confronted with the same problems as the inventor and with no knowledge of the claimed invention, would select the elements from the cited prior art references for combination in the manner claimed.’ *In re Rouffet*, 149 F.3d at 1357, 47 USPQ2d at 56; see also *In re Werner Kotzab*, 217 F.3d 1365, 1371, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000). . . .”

This principle was reinforced by the Court in *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006):

This ‘motivation-suggestion-teaching’ test asks not merely what the references disclose, but whether a person of ordinary skill in the art, processed with the understandings and knowledge reflected in the prior art, and **motivated by the general problem facing the inventor**, would have been led to make the combination recited in the claims (Emphasis supplied).

As previously pointed out, the present invention addresses the problem of customer resistance to conduct any e-business transactions on-line and their unwillingness to pay invoices electronically. The present invention provides an incentive for customers to conduct e-business transactions on-line by providing an **early** payment discount incentive. Neither of the applied references recognize, address, or offers a solution to that problem. This being the case, the Examiner’s attempt to establish the motivational element is fatally flawed.

**Evidence of Nonobviousness.**

Not only does the problem element impact the motivational issue, but it is well sailed that the failure of the applied prior art to address or offer a solution to the problem addressed and solved by a claimed invention constitutes a potent indicium of **nonobviousness**. *North*

*American Vaccine, Inc. v. American Cyanamid Co.*, 7 F.3d 1571, 28 USPQ2d 1333 (Fed. Cir. 1993); *Northern Telecom, Inc. v. Datapoint Corp.*, 908 F.2d 931, 15 USPQ2d 1321 (Fed. Cir. 1990); *In re Newell*, 891 F.2d 899, 13 USPQ2d 1248 (Fed. Cir. 1989); *In re Nomiya*, 509 F.2d 566, 184 USPQ 607 (CCPA 1975). The failure of the applied prior art to address or offer a solution to the problem of customer resistance to conducting e-business transactions on-line, therefore, constitutes a potent indicium of **nonobviousness**, improperly ignored by the Examiner.

### **The Dependent Claims.**

Applicant separately argues the patentability of the dependent claims, notably claims 4, 11, 18, 25, 32, 39, and 40, which require the calculation of a second discount amount based on the invoice amount. The Examiner's disposition of that issue is difficult to unravel. As best understood from the eighth enumerated paragraph on page 4 of the November 13, 2006 Final Office Action, the Examiner accuses these claims of being "... a repeat of the process evaluated in Issue No. (1) and Issue No. (2) above and is evaluated using the same reference." What that statement has to do with establishing the requisite motivational element has yet to be clarified on this record. Suffice it to say, the applied prior art neither discloses nor suggests the concept of selectively receiving a discount payment in advance of the invoice date, let alone calculating a second discount amount.

Applicant also separately argues the patentability of claims 12, 13, 19, 20, 26, 27, 33, 34, 41, and 42, which require determining whether criteria for an early payment discount are satisfied and selectively applying the discount amount based upon the determining step, and wherein the criteria in the determining step includes maintaining a zero outstanding charge by the customer. It is difficult to understand how the Examiner's broad interpretation of the claimed inventions, an



interpretation which has yet to be put to paper, somehow opens the door to unpatentability based upon the applied references.

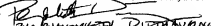
### **Conclusion.**

Based upon the foregoing, it should be apparent that a *prima facie* basis to deny patentability to the claimed invention has not been established for lack of the requisite factual basis and want of the requisite realistic motivation. Moreover, even if the applied references are combined, the claimed inventions would not result. Further, upon giving due consideration to the potent indicium of **nonobviousness** of record, stemming from the failure of the applied prior art to address or offer a solution to the problem addressed and solved by the claimed invention, the conclusion appears inescapable that one having ordinary skill in the art would **not** have found the **claimed subject matter as a whole**, obvious within the meaning of 35 U.S.C. § 103. Applicant, therefore, submits that the imposed rejection of claims 1 through 42 under 35 U.S.C. § 103 for obviousness predicated upon Kitchen et al. in view of Pay and Save is not factually or legally viable and, hence, solicits withdrawal thereof.

Therefore, the present response, overcomes the rejection of record and places this Application in clear condition for immediate allowance. Favorable consideration is respectfully requested. If any unresolved issues remain, it is respectfully requested that the Examiner telephone the undersigned attorney at (703) 519-9954 so that such issues may be resolved as expeditiously as possible.

Respectfully submitted,

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